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JAP  
Return: Kent  
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ESTIMATE AND VIEWS ON THE INTERNATIONAL SITUATION  
IN 1964 (Part I)

I. SITUATION IN AREAS ADJACENT TO JAPAN

A. Republic of Korea

1. Will the PAK regime remain stable?

a. Probably it will remain stable.

b. Work with Parliament, measures toward the opposition parties, and matters concerning the pro-government parties will be handled at a low key and give an impression of a complete transition from military to civilian control.

The core of the PAK regime will probably be consolidated along PAK -- KDM (Chong-p'il) line. In the process two or three political fluctuations will be unavoidable.

Attention will be paid to improving relations with the US. There will probably be no provocative acts by North Korea.

2. Can an improvement in relations with the US be expected?

a. It can be expected.

b. The immediate task confronting the Pak regime in solving the problems of a stalled economy (lack of foreign goods and high prices) is the introduction of foreign goods (aid and loans).

In addition, an adjustment of relations with the US is indispensable and an urgent matter. An even friendlier and more positive policy will be practiced toward the US.

For the United States, the peaceful transition from military to civilian government, the dissolution of the Capital Defense Command which was under the direct control of the Revolutionary Government and its reversion to the UN Command, and the appointment of Chong Il-kwon (Former Ambassador to Washington) as Foreign Minister were evidence of a friendly attitude.

2. ~~Will the economic problems be solved?~~

A turn for the better will be difficult. In general, it will probably be limited to maintaining the present situation. Unless there is a wide change in US aid policy involving increases in funds and improvements in the form of aid (in the direction of building up local industry), a solution of the economic problem will not be easy.

Even though Japan-ROK negotiations are concluded in 1964, they will probably not be useful in solving the economic problems in that year.

The rich rice harvest in 1963 is noteworthy as about the only good factor in 1963.

4. Will the character of a military regime be eliminated?

Essentially the controls will continue.

The election of the president and of the members of Parliament can be regarded as having given a strong shove in the direction of formal democratization, but, as in the past, strong military personnel will be distributed throughout President Pak's corps of assistants and advisory groups.

As the system of education spreads the political consciousness of the masses is growing. There is an increasing tendency to resist any efforts to compromise the national character. However, in the short run any extension of civil rights will be difficult and the system of strong controls is likely to continue.

5. Will there be any change in the attitudes toward Japan-Korean negotiations?

a. There will probably not be any change in the basic policy of reaching an early agreement.

b. The following pros and cons exist on the Korean side:

(1) The complete shift from military to civilian government has

weakened the argument of the opposition parties who are opposed to the Japan-Korean negotiations.

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(2) Economic aid from Japan is essential. Opinion favorable to this is growing.

(3) Pak and Kim are becoming more and more friendly to Japan.

(4) The attacks by the opposition parties on investigations like those of stock market fluctuations have died down. Actions like this have become more difficult since the transition to civilian government.

6. Will political unrest develop if a Japan-Korean agreement is reached?

a. Probably not.

b. In general it will be welcomed by the people. There may be some opposition from the coastal fishing population and some attacks on the Pak government by the anti-government forces (the opposition parties.)

7. Will there be any improvement in the feelings of the Korean people toward Japan after an agreement is reached?

a. Some improvement is likely.

b. Travel, trade, and cultural exchange between the two countries will rise.

#### B. Nationalist China

1. Japan's attitude notwithstanding, is it possible that feeling against Japan is strong enough to include severance of relations?

a. Complete severance of diplomatic and economic relations is not likely.

b. Such a severance would be inimical politically and economically to the Nationalist Government.

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c. Within limits, extreme pressure may be exerted on Japan through civilian influences and the influence of pro-Nationalist Overseas Chinese and the China Lobby in the UK.

d. We have the example of President Chiang's [anti-Japanese?] statements and renunciation of reparation claims at the end of the war. Therefore it can be pointed out that as a country which emphasizes "face" it may, illogically, take harsh measures [against Japan].

2. Apart from sickness or death, will there be a change in the supreme leadership? Who will be Chiang Kai-shek's successor?

a. We do not believe that Chiang will be replaced because of foreign and domestic political influences.

b. The position of Chiang Ching-kuo as President Chiang's successor is gradually becoming stronger.

3. Will attacks against the mainland be stepped up?

a. The present level of landing guerrilla units will not only be maintained but strengthened through improvements in methods, procedures and equipment. However, any large-scale attack against the mainland is probably not in the offing.

b. The so-called "attack against the mainland" is the political life of the Nationalist government. The task of creating small-scale disturbances within Chinese Communist-held areas conducted under the slogan of "attack on the mainland" will gradually be strengthened because of the US attitude of non-interference, instability on the mainland, and the lack of Soviet concern and unfriendly feelings toward the Chinese Communists.

c. The possibility of a large-scale attack on the mainland is slight unless there is rapid change in current US-Soviet relations, in US

opposition and restrictions on the Nationalist military forces, or in variousAppprovisionRelease2005/07/13 : CIA-RDP79R00967A000900040001-8

C. Communist China

1. Will Communist China evidence any change in its harsh attitude toward the US?

a. There will be no basic change in its harsh attitude toward the US which it designates as the "worst imperialist state."

b. Despite their violent statements, the Chinese Communists will probably be cautious in terms of actual action.

c. The Chinese Communists will try to broaden their policy of encouraging the new and ex-colonial states in Asia, Africa, and Latin America to form an anti-American international united front. At the same time they will strive to split from the US those free-bloc states which have close relations with the US, by exploiting their situations, status, and interests.

2. Apart from ideological questions, will the Chinese Communists try to improve their economic relations with the USSR and East European bloc?

a. It is not probable that the Chinese Communists will take positive action to sever economic relations with the Soviet Union and the East European bloc. They will probably maintain the basic policy of avoiding economic dependence on the Soviet Union.

b. There is evidence that they will seek to improve relations with the East European bloc countries by skillfully exploiting the economic contradictions between them and the Soviet Union.

3. Will Communist China strengthen its economic ties with Japan  
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and Western Europe?

a. In addition to seeking to break out of international isolation, it will strive to strengthen economic relations with Japan and the Western European countries (but not the US) because of the need to replace the Soviet Union as the source of modern technology and because of the political significance in deepening the conflict of interest among the free world nations.

b. Chief points of emphasis will be assistance in obtaining modern industrial equipment and raising technological levels.

c. A large scale expansion of foreign trade will be limited to their export capacity, ability to pay, and the commodity structure of their foreign trade.

d. The Chinese Communists will exploit to the maximum the competition among those states which are interested in trading with them and will make every effort to get the most favorable economic terms.

4. Will the Chinese Communists stage a strong export drive in order to win markets in Southeast Asia?

a. Because of the economic conditions in Communist China and in the countries in Southeast Asia (except Hong Kong), the prospects of an export drive are slight. However, we make no predictions with regards to political measures.

b. If domestic economic conditions permit, the Chinese Communists do plan to expand trade in order to foster close economic relations with  
s in Southeast Asia. Because of their inability to solve their  
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agricultural problems and other difficulties, the prospects of an export

drive are slight. Except for Hong Kong, the Southeast Asian countries

themselves lack a capacity to absorb any large increase in imports.

5. Can any change in the top leadership be anticipated?

a. A replacement of Mao Tse-tung cannot be anticipated now.

b. There are estimates that Mao's health is poor and that he could become [only] an honorary party chairman. Even in that event we do not believe that that his position as supreme leader would be interrupted or that his leadership would collapse.

c. Mao's successor seems to be Liu Shao-chi. In that event, a conflict would develop between Liu Shao-chi and Teng Shao-p'ing.

d. We should take into consideration, however that even in a strictly controlled society, the unexpected can occur in the event that the international or domestic situation worsens.

6. Will a conflict over the Sino-Soviet dispute develop within the leadership (especially the top leadership) echelons.

a. It cannot be assumed that there is at present absolutely no dispute or conflict of opinion among the leading cadres over domestic policy or the Sino-Soviet dispute. However it is not likely that any conflict over this will come to the surface now.

b. Peng Te-huai, Huang K'o-chieh, Ch'en Yun, and Chang Wen-t'ien were arrested for being critical of the current line of leadership. They have been dealt with and are powerless and unorganized.

c. There are some individuals among the middle rank cadres and below who secretly are critical. Because the party's Control Commission has been strengthened, it is likely that such individuals are soon exposed and banished to positions of little influence.



7. What will be the special features in the Chinese Communist economy during continuing adjustment in 1964?

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a. The central theme will be reorganization of the industrial sector in order to achieve the previously decided objective of rehabilitating and developing agricultural production.. The chief characteristic probably will be establishment of an economic system whose principal object is self-regeneration. However during 1964 there will probably not be any continuing expansion of agricultural and industrial production.

b. In order to restore and develop agriculture priority will be given to increasing the production of chemical fertilizers, agricultural machinery and tools, irrigation equipment, and to raising the zeal for production. The Chinese Communists will gradually provide the conditions needed for expanding agricultural production.

c. In the industrial sector, there will be continuing difficulties in maintaining in operation the plants built with Soviet aid which are the mainstays of industrial production. Top priority in industry will be given to those sectors which support agriculture. Efforts will be made to reorganize industry so as to achieve these ends.

d. Having extricated themselves from reliance on the Soviet Union, they will purchase and import widely plants and technology from the capitalist states and gradually build up a foundation with which they can conduct industrial construction solely with their own resources.

e. They have a strong desire to build up their own military defense industry but major results cannot be anticipated.

f. Unless there are major disasters, these priority measures will bring about a slow but steady improvement in the Chinese Communist economy. Especially in the case of petroleum, reliance on the Soviet Union will decrease and China will approach self-sufficiency.

8. In foreign trade, will there continue to be a decrease in trade with the Communist bloc and an increase in trade with the Free World bloc?

a. It is predicted that this will be the overall trend.

b. However, we believe that trade with the Communist bloc has just about reached rock bottom and no major decreases will occur. It is expected that within the Communist bloc, trade will increase with Rumania and North Korea. Although economic relations with Cuba may be limited, for political reasons greater intimacy is probably planned.

9. Are the Chinese Communists preparing for positive action in the frontier border disputes?

a. The possibility is slight.

b. With reference to the border problems, the Chinese Communist will probably maintain the position of "solution through peaceful discussion" and "a firm attitude and no unprincipalled concessions."

c. With reference to frontier problems, there appears to be little possibility that the Chinese Communists are getting ready [to fight]. However, along the tense Sino-Soviet frontier, it is possible

d. In the case of the Sino-Indian border problem, we do not expect early talks between the two countries and the chances of a resumption of hostilities are slight. However, as both countries are continuing to develop their military forces along the frontier, the tension will continue.

10. Will the Chinese Communist Conduct Nuclear Tests in 1964?

See Comment under II, A 5.

11. What concrete results are anticipated in the development of modern weapons?

a. Efforts are being poured into the development of ground-to-ground missiles and some tests may already have been conducted. However, without embarking on basic development, there will probably not be any conspicuous development.

b. Related sectors (for example, electronics) may have progressed to a certain degree.

12. Will the present policy of softly appealing to Japan continue?

a. It will probably continue.

b. The present attitude toward Japan is thought to be advantageous to them from the viewpoint of domestic and foreign considerations. Because it is felt that this will continue, the soft policy will probably be maintained.

D. Soviet Union

1. Will Khrushchev's position remain stable?

a. It will probably remain stable.

b. In view of the Sino-Soviet dispute, the agricultural slump, and the evident problems with respect to the future attitude of the U. S. he will have to exert even greater efforts to achieve unity of will within the domestic leadership. He will carry out the Seven Year Plan for the chemical industry which is welcomed by the public and, with their support, will probably maintain stability.

2. How will the plan for expansion of agricultural production get underway in 1964?

Increase in production of chemical fertilizer and development of irrigated lands.

Under the Seven Year Plan for the chemical industry (provides for an annual investment of six billion rubles) production of chemical fertilizer is to reach 70 million tons by 1970. A target of 2,800,000 chobu (one chobu is 2.45 acres) of irrigated land is scheduled for 1964. Production of chemical fertilizer is to be 20 million tons in 1964.

3. Will the Soviet Union strive to promptly overcome its military inferiority to the U. S.?

See II, A

a. It will probably not be able to quickly overcome this.

b. In order to overcome the military inferiority to the U. S. which is evident today, the Soviet Union will have to sacrifice economic

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"peaceful coexistence and economic victory" may be completely frustrated.

The Seven Year Plan for the chemical industry seems to show that for the time being he has no idea of rapidly overcoming this inferiority.

4. Will the Soviet Union Abandon its policy of isolation toward the Chinese Communists?

a. It will probably not abandon it.

b.. At present the Chinese Communists are actively pushing a divisive movement within the international communist movement, front organizations, and the Afro-Asian countries. Unless they abandon this, the Soviet Union will probably not abandon its policy of isolating the Chinese Communists.

5. Will the Soviet Union continue its efforts to "roll-back" [limit] the parties which support China in the Sino-Soviet dispute?

a. It will probably continue.

6. Will the German question be solved quickly?

a. Probably not.

b. Having launched the policy of economic priority as indicated by the Seven Year Plan for the chemical industry, the easing of East-West tension has become an absolute prerequisite. Consequently, there will be no rush into a solution of the German problem that would aggravate such tensions. The fact that the Soviet Union recently brought up the German question and stated that it gave it top consideration is probably nothing more than a gesture against the

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passive attitude which the West had started for easing tensions.

to solve the "slowdown" in economic development?

a. It probably will.

b. In mid-1962 Pravda published an unpublished article by Lenin stressing that after the revolutionary wars the decisive problem was development of the economy and that for this purpose the Soviet Union could adopt some of the better features of capitalism. Lieberman's principle of interest has been widely accepted. However, because of the Cuban affair, the Sino-Soviet dispute, and other factors, any major advances other than in revision of the party and state structure are not evident. Recently the Soviet Union embarked on a policy of priority for peace and economic development under which the manufacture of consumer goods is stressed. In line with this, it appears to be gradually adopting such features as capitalist business management and cost accounting as means of promoting production.

8. Will the Soviet Union challenge the U. S. in extending aid to the underdeveloped countries?

a. It will probably not do <sup>so</sup> ~~so~~.

b. After 1961 the volume of economic aid credits extended by the Soviet Union to the underdeveloped countries dropped from a figure in excess of U. S. \$800,000,000 to U.S. \$310,000,000. Military aid, however was brisk. The Soviet Union is even cutting military defense expenditures in its efforts to invest 42 billion rubles in its Seven Year Plan for the chemical industry. Thus we do not believe that there will be any great increase in the volume of economic aid credits to the underdeveloped nations.

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Further, it probably doesn't have the capacity to do so. For the time being the Soviet Union will probably exert every effort to maintain the volume of credits at the present level.

9. Will the Soviet Union positively seek to expand the volume of trade with the Free World?

a. It probably will.

b. Expansion of trade with the Free World is an important part of Khrushchev's line of peaceful coexistence. On the one hand he cannot hope to achieve the goals of the Seven Year Plan without importing capitalist technology and machinery. A considerable portion of the Seven Year Plan which provides for an annual investment of six billion rubles will probably require the import of chemical industry plants.

10. How will the Soviet Union deal with the demands of the East European countries for independence and equality?

a. It will probably be obliged to deal with them on the basis of reciprocity.

b. At the present time the majority of the East European states, especially Rumania and Poland are turning to the West to a considerable degree. All of the East European states seem to be following the example of the Soviet Union in giving priority to peace and economic development. Under these circumstances the East European countries will probably further strengthen their demands for independence and equality. Hereafter the Soviet Union will have to recognize to some extent the right of the East European nations to a voice in affairs.

The SovAppUnionFwRelphs2005/02K8 sGA-RDP79R001267A000500040001-8 to  
the Soviet system as establishing an international economic cooperative  
bank (a COMECON Bank) and expanding the oil supply network. It will  
accept the objections of the East European states and deal with them  
on a reciprocal basis.

B. North Korea

1. Is it anticipated that the North Koreans will militarily cross  
the 38th parallel?

a. It is almost sure that such will not happen.

b. As long as the Soviet Union continues its policy of peaceful  
coexistence with the U. S., we don't believe that the North Koreans will  
themselves try to launch an attack across the 38th parallel. At present  
it appears that Soviet military aid has declined. Thus, even though  
North Korea obtains military aid from the Chinese Communists it is  
opposed on the south side of the border (by the ROK and UN forces).  
Therefore it seems that all it can do is pay close attention to  
strengthening and maintaining its defensive power, chiefly by increasing  
the number of troops (mobilizing students).

2. Will conflict develop within the North Korean regime over the  
Sino-Soviet Dispute?

a. There will probably be no open conflict.

b. It is difficult to speak of complete unity around Kim Il-  
sung. Even though it may not come out into the open there is to some  
degree a potential for internal conflict between those who support the  
Chinese Communist line and those who support the Soviet line. The  
strength of the pro-Soviet faction is declining whereas that of the



pro-Chinese Communist faction is growing.

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3. Is the economic construction plan progressing smoothly?

a. The initial plan has failed and some changes in it are likely.

b. Although there has been some economic progress year by year, North Korea has failed to reach the goals set forth in the Seven Year Plan which was initiated in 1961. It is believed that this is not due primarily to any lack of cooperation with the Soviet Union. There is nothing to do but to promote the policy of economic autarchy. Thus it will probably give greater priority to expanding foreign trade.

c. There will probably be further efforts to promote economic cooperation between North Korea and Manchuria.

4. Will there be any changes in North Korea's trading partners?

a. No major changes are likely.

b. The repayment of loans to the Soviet Union seems to be continuing. Without a rapid reduction in trade with the Soviet Union, the excess of exports to the Soviet Union will continue. Efforts to change the origin of imports of petroleum and other important items for which North Korea has relied on the Soviet Union may appear. We believe there will be some increase in foreign trade with Hong Kong, Communist China and Japan. We believe there will also be some increase in trade with parts of Western Europe (England and Holland).

5. Will there be any change in the present attitude toward Japan?

a. Probably not.

b. The basic attitude of opposing the Japan-ROK talks will probably not be abandoned. Even though these talks progress, they will

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not be a decisive factor. Thus we do not believe that the North Koreans

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will follow up obstructive action with concrete action. They will probably confine themselves to oral or written protests. Following the resumption to [normal] relations between Japan and South Korea, they will probably intensify efforts [to neutralize] South Korea as a means of breaking the stalemate over the North and South Korea unification problem.

c. Along with efforts by various leftwing organizations [in Japan] to promote policies calling for free travel between Japan and North Korea there will probably also be increased demands for greater trade between North Korea and Japan.

#### Indonesia

1. Will the policy of confrontation with Malaysia develop into a major military clash?

a. There is a certain degree of danger.

b. A reinforcement of Indonesian regular troops along the North Borneo and Sarawak borders is occurring. Because there is a possibility that the Indonesian may take provocative action, small scale clashes are possible. However, since the Indonesian lack sufficient logistic capabilities, a major clash is not likely.

c. We believe that tension will increase in the Straits of Malacca.

2. Is there any prospect that Indonesia will solve its economic crisis? Approved For Release 2005/07/13 : CIA-RDP79R00967A000900040001-8

a. There are no expectation of this.



G. Malaysia

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1. Is there a possibility that Malaysia will make a strong move against Indonesia?

a. No.

b. We believe that Malaysia will not make a strong move but take a defensive attitude. However, differences with Indonesia will probably be chronic.

2. Will the blow caused by Indonesia's severance of economic relations worsen?

a. Not very much.

b. The severance of economic relations was a fairly heavy blow but Malaysia will try to alleviate it through increasing cooperation with the Western states.

3. Will the new Federation consolidate its foundations satisfactorily?

a. We cannot expect that consolidation of the base will be carried out too rapidly.

b. It will take a considerable time to achieve internal consolidation. It will probably be several years before an overall, nationwide economic development plan is really launched.

H. Indochina

1. Is the South Vietnam military regime stable?

It will not collapse but we cannot expect any great stability because (1) of the growing possibility of an internal struggle

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will soon stabilize the civilian economy.

2. Are the measures against the Viet Cong in South Vietnam becoming increasingly effective?

a. No conspicuous results are being achieved. The situation remains bogged down as before.

b. The efforts to subdue the Viet Cong are being intensified with U. S. military support but no major results can be expected. The problem shows the features of being a long term affair.

3. Will neutralist strength and French influence increase in the three countries in Indochina?

a. There will be some increase.

b. It is not believed that there will be any change in the strength of France's interests and cultural influences in the Indochina area. However, French political influence may become stronger through de Gaulle's ideas on handling the Vietnam problem and his active promotion of the plan for an international guarantee of Cambodian neutrality. In response to this French policy of neutrality for Indochina, there will probably be greater activity by South Vietnamese neutralists (both at home and those in exile abroad) and by Prince Sihanouk.

4. Is there a chance that the antagonism between the three factions in Laos will develop into civil war?

a. Yes.

b. The already sharp antagonism of the left wing for the neutral and right wings is becoming more severe. We believe that the  
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left-wing is planning to bring larger areas now under the nominal control of the neutralist government under its own political and military control. The danger of this developing into a civil war remains. However, since both the United States and the Soviet Union are tending to reduce their military support, the possibilities are slight for a major war which would settle the whole Laotian territorial affair in one stroke.

5. Isn't there a danger of Cambodia entering the Communist camp?

a. It may be regarded as almost out of the question.

b. We do not believe that Prince Sihanouk who has the position of defending the Khmer Kingdom will walk into the Communist camp. However, relations with the U. S. will remain broken and he will continue the posture of approaching the Chinese Communists.

c. It is possible that progress will be made over the problem of calling an international conference to guarantee Cambodian neutrality through a softening of the Western attitude, especially that of the United States and Britain.

#### I. Other Southeast Asian Countries

1. Will there be any changes in U. S. and Soviet aid policy toward the Southeast Asian nations? If changes occur what will they be?

a. Both the U. S. and the Soviet Union are showing an increasing tendency to curb aid.

b. Both are believed to be reexamining their past methods of extending aid to the underdeveloped countries. Because of the [low] capacity of the recipient nations to repay their debts and their [poor]

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Therefore the U. S. and the Soviet Union are tending to adopt a stricter attitude leading to reduction or even elimination of aid. In individual cases, however they are increasing aid for political reasons.

2. Will there be any changes in the foreign or domestic status of Premier Nehru?

a. There will probably be a steady trend toward decline.

b. Because of the problem of a successor, Nehru is having trouble in retiring. He is said to be very fatigued due to old age and his political activities are being more and more restricted.

c. For these reasons, both domestically and internationally, there are no signs that his reputation which is already moving toward low tide will be recouped. Of course, we think that it may get even lower. The worsening of the Indian economy would probably be the prime factor in causing this.

A. Progress in Military Technology

1. What are the future prospects of the US and Soviet nuclear weapons systems?

a. The nuclear weapons systems of both the US and the Soviet Union are entering into a stable period. We do not believe that there will be any major changes in the basic systems during the next few years. In terms of fully ready combat weapons, the Soviet Union is inferior to the US both in quantity and in quality (Polaris submarines and solid fuel rockets). At present efforts to overtake the US are being demanded. Both countries are probably starting on the development of new weapons for the period after 1970. In the near future there will probably be only small miscellaneous changes in the strategic deterrent systems centered around the hydrogen bomb and the ICBM. The ASM (anti-missile missiles) and global rockets are not absolute weapons. Therefore we do not believe that they will upset the present [weapons] systems.

b. Comparison of US and Soviet military strength (See following table)

2. Can the US maintain its present military superiority over the Soviet Union?

a. It probably can do so.

b. The US will probably exert every effort to completely maintain its overwhelming superiority in nuclear missiles. The trend to increase even conventional military strength by increasing mobility will probably also be maintained.



**CONF**   **SON OF US AND SOVIET MILITARY**   **ER**  
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 (As of December 1963)

<u>Category</u>	<u>Classification</u>	<u>US</u>	<u>USSR</u>
Nuclear capacity	In reserve		
	Actual tests		
Strategic missiles	Liquid fuel		
	ICBM		
	Solid fuel		
	IRBM		
	Polaris		
Ground Forces	Troop strength		
	Divisions		
	Total tonnage [sic]		
Naval Forces	Nuclear subs		
	Aircraft carriers		
	Naval aircraft		

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Category

Air Force

Classification

Strategic aircraft

Heavy  
(B52 and 58)

Medium  
(B47)

Tactical

Defensive

US

USSR

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He can hardly be sure that some defect in troop strength will occur. However, this will occur mainly in those support and supply sectors which do not affect actual military strength.

3. Will the Soviet Union try quickly to overcome its military inferiority to the US?

a. It will but the results will probably not be effective.

b. The present inferiority vis a vis the US is especially marked in the fields of solid fuel missiles and nuclear submarines. To change this picture in the short run is deemed to be economically and technologically difficult. Although it will try to do so, the results will probably be ineffective. The Soviet authorities will try to continue their propaganda offensive concerning military strength in order to camouflage their weaknesses.

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5. Is there a possibility that the Chinese Communists will conduct atomic bomb tests in 1964?

a. There is a possibility

b. It is difficult to estimate but it appears definite that they have been engaged in the development of atom bombs since about 1960. However, because of the delay in building an atomic reactor following the suspension

of Soviet technical assistance and because of difficult technical problems such as the detaching device, it is valid to assume that the development may be delayed.

c. At all events, even should they develop their first bomb, it will still require some years to "weaponize" it.

### B. Military Strategy

1. Will there be any changes in US or Soviet military policy?

a. Faced by a period of military technological development and equipping, vast expenditures will be needed for the maintenance and development of advanced nuclear weapons systems and for research and development in the years ahead. For this reason unnecessary (expenditures) will be drastically curtailed.

This economy is aimed at conventional equipment for which the strategic requirements are small or which is only stop-gap equipment. However, [any cuts] will be gradual.

b. There will be no absolute decline in national defensive strength. Even if the budgets are cut, the national defense effort will not slacken. In other words, even though the budget is cut it is predicted that some method will be found for not reducing military strength. (Big Lift, civilian airline equipment, etc).

c. The maintenance and development of war deterrent strategies based on nuclear systems and the basic line for effective measures to cope with local wars will remain unchanged despite economies made in military expenditures.

2. Will there be any changes in the system of collective security?

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a. As the danger of war recedes there will probably be a growing tendency toward a weakening of NATO and the Warsaw Treaty organization and their [internal] unity. It is predicted that there will be internal discord within SEATO and CENTO because of Pakistan's approaches to Communist China and Indian approaches to the United States and Great Britain.

3. Is NATO's nuclear strategy making progress?

a. The question of a multilateral force has been shelved by the NATO Council. 1964 will probably be a period of readjustment among the individual nations.

b. National Positions:

(US) Deadlocked in efforts to find points of compromise between establishment of [its] leadership in a world system of nuclear strategy and European insistence on its own freedom and independence. The issue cannot be pushed strenuously until [after] the presidential election.

(France) Strongly pushing for an independent nuclear force in the interest of national self-defense.

(England) Is taking the initiative within NATO. In the interests of its own military defense, industry has made independent proposals (for nuclear attack units).

(West Germany) Whatever the case formally or substantively, it hopes for the establishment of a European nuclear system.

c. Although the Soviet Union greatly fears the establishment of a multilateral force and the concomitant nuclear arming of West Germany, the West will not abandon this plan.

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C. Local Military Situations

1. Approved For Release 2005/07/13 : CIA-RDP79R00967A000900040001-8  
~~What are the special features?~~

a. Reflecting the previously described military strategy and advances in military technology, conflicts which could escalate into total war will be confined.

b. Local small scale conflicts are predicted. They will probably be centered primarily in Asia.

2. Will the Berlin Crisis get worse?

a. Neither side is likely to adopt a policy of solving the issue by force. At times the Communists may fan the fears of the West Berlin populace by probing weak points and obstructing traffic. The possibilities of this developing into a major incident are slight. On occasion they may even make some calming gestures.

3. Will there be any sharp change in the Cuban situation?

a. There will be no abrupt change. It will continue on the current course.

b. Some modern weapons will continue to be supplied to the Cuban military forces. However, control over them or the complete transfer of weapons such as ground to air missiles which might likely lead to "trouble" with the US forces will probably be deferred.

c. Within the limits described above, the gradual withdrawal of Soviet military forces will probably continue.

4. Other

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Taiwan Straits -----See Part I, B, 3

Sino-Indian Border-----See Part I, C, 9

Sino-Soviet Frontier-----See Part I, C, 9

Malaysia -----See Part I, G, 1

South Vietnam -----See Part I, I, 8

D. Disarmament and Arms Control

1. What will be the course of debate over disarmament?

a. Real disarmament should involve such questions as "mutual threats, mutual respect for treaties, and methods of surveillance such as inspection." However, it is not expected that the problems relevant to these matters will become objects of discussion.

b. Other than on the questions cited above, progress will probably be made principally through action by the countries concerned on such other aspects as military expenditures, reduction of personnel, nuclear testing, defense against surprise attack, and non-aggression treaties. However, this progress will be only to the degree that the actions taken are not disadvantageous to the countries themselves.

2. Will there be any further concrete progress?

a. The 18 nation disarmament conference will probably continue to function during 1964, but major results cannot be expected. As heretofore, France will probably continue to "sabotage" the conference.

b. There are some doubts as to whether or not we can conclude that some progress will be made to the extent that there will be discussion of such pending East-West questions as a non-aggression treaty between NATO and the Warsaw Pact nations and the establishment of inspection sites to prevent surprise attack. It is possible that a compromise may be reached if arms control proposals are in such a form that they will not lead to actual reductions or limitations on military strength.

3. Will there be concrete progress in efforts to prevent nuclear proliferation? Are there effective means?

a. We can think of such means as UN resolutions, revision and strengthening of the test ban treaty, and collective nuclear ownership. However, there are doubts whether the first two are practical or realistic. The scope of application of the last is restricted.

b. France has already been recognized by Britain and the US as a nuclear equipped state. It is not expected that any effective action can be taken to prevent China from becoming one. Since other nations have already signed the test ban treaty, proliferation of nuclear weapons among them can probably be prevented for the time being.

4. Is a reduction in troop strength possible?

a. A small reduction may occur provided that it does not reduce military strength.

b. Although this is more a matter of "reorganization" and "reequip-ment" than one of reduction, it is a necessary step for the various countries if they are to modernize their military power and curb their expenditures.

It is highly probable that the 2005/07/13: CIA-RDP79R00967A000900040001-8 policy of peaceful coexistence.



5 5. Will military expenditures be reduced?

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a. A large reduction will probably not be carried out.

b. In December 1963 both the US and the Soviet Union announced a slight reduction in military expenditures. However, the amount is very small when compared with the increase made in expenditures by both countries at the time of the Berlin crisis. For the time being both countries will probably maintain their defense outlays at the present high levels.

6. Is a troop withdrawal possible?

a. The US and the Soviet Union will not countenance anything unfavorable to their strategic interests and so would withdraw only at their own convenience. Anything unfavorable (such as [a withdrawal] of Soviet troops from East Germany) is not likely.

7. Will developed nations positively assist the underdeveloped nations in increasing their defensive capacity?

a. Not much aid is probable. Soviet foreign aid is actually being drastically reduced. US aid may also inevitably be reduced.